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To ensure access to high-quality, patient-centered, cost-effective health care to Los Angeles County residents through direct services at DHS facilities and through collaboration with community and university partners.



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June 28, 2011

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**AMENDMENTS TO MEDICAL SCHOOL AFFILIATION
AGREEMENTS BETWEEN THE COUNTY OF LOS ANGELES AND
THE UNIVERSITY OF SOUTHERN CALIFORNIA, AND THE
REGENTS OF THE UNIVERSITY OF CALIFORNIA
(1st, 2nd AND 5th SUPERVISORIAL DISTRICTS)
(3 VOTES)**

SUBJECT

Request approval of amendments to the University of Southern California and the Regents of the University of California at Los Angeles Medical School Affiliation Agreements to address additional staffing needed to comply with revised Common Program Requirements mandated by the Accreditation Council of Graduate Medical Education.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve and instruct the Mayor of the Board of Supervisors to sign attached Amendment No. 4 to Agreement No. 75853 with the University of Southern California (USC) for the provision of physician medical education and patient care services at LAC+USC Medical Center (LAC+USC MC), effective July 1, 2011, to add additional purchased services and increase the maximum obligation from \$119,925,527 to \$126,583,896 for the period beginning July 1, 2011 through June 30, 2012.
2. Approve and instruct the Mayor of the Board of Supervisors to sign attached Amendment No. 3 to Agreement No. 76850 (H-702099) with the Regents of the University of California at Los Angeles (UCLA), for the provision of physician medical education and patient care services at Olive View-UCLA

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

#26 JUNE 28, 2011

Sachi A. Hamai
SACHI A. HAMAI
EXECUTIVE OFFICER

Medical Center (OV-UCLA MC) and Harbor-UCLA Medical Center (H-UCLA MC), effective July 1, 2011, to add additional purchased services and increase the maximum obligation for OV-UCLA MC and H-UCLA MC, from \$24,622,000 to \$26,728,000, and update the County and University Training Program full-time equivalents (FTEs) per Exhibit I for the period beginning July 1, 2011 through June 30, 2012.

3. Make a finding as required by Los Angeles County Code section 2.121.420 that contracting for the provision of physician services (trainee and non-trainee) at OV-UCLA MC and LAC+USC MC, as described herein, can be performed more feasibly by contracting with the private sector.

PURPOSE/JUSTIFICATION OF THE RECOMMENDED ACTION

New ACGME Restrictions on Resident Duty Hours

Approval of the recommended actions will amend the current Medical School Affiliation Agreements (MSAAs) with USC and UCLA to add additional purchased services and increase the maximum obligation for the MSAAs. The Department of Health Services (DHS or Department) advised your Board on May 31, 2011 that June 28, 2011 was the first agenda feasible for approval given the time needed to complete negotiations with USC and UCLA.

Prior to July 1, 2003, hours worked by interns, residents, and fellows in US training programs accredited by the Accreditation Council of Graduate Medical Education (ACGME) were unrestricted. In response to evidence that resident fatigue was contributing to medical errors and patient harm, the ACGME began regulating trainee work hours in 2003. In December 2008, the Institute of Medicine recommended additional restrictions in duty hours with the intent of enhancing patient safety and improving resident well-being and safety. In response, the ACGME revised its Common Program Requirements (CPRs) that govern all accredited training programs, further restricting resident work hours and mandating additional changes to the learning environment. Such changes include mandatory education of residents and faculty regarding duty hours & fatigue mitigation, safe transportation and/or sleep rooms for residents after extended shifts, adoption of structured patient sign-out systems, and increased monitoring of resident duty hours.

Graduate Medical Education (GME) trainee work hours are substantively affected by the revised CPRs. Specifically, the maximum shift duration for interns was reduced from 30 hours to 16 hours; the maximum shift duration for all other residents and fellows was reduced from 30 hours to 28 hours. These changes effectively require GME programs to invest in personnel and non-personnel infrastructure in order to continue providing the current volume of clinical services. Failure to comply with the revised CPRs will

result in citations and/or revocations of residency program accreditation with the ensuing loss of the interns, residents, and fellows that provide core services to patients. The attachments included here reflect additional staffing needed to compensate for these lost hours.

DHS is committed to ensure 100 percent compliance for both partnering academic institutions with the Common Program Requirements. This level of compliance is mandatory in order to keep the facilities and its programs fully accredited.

Intra-operative Monitoring

The current MSAA with UCS provides for an intra-operative monitoring service (IOM) during various surgical procedures performed at LAC+USC by neurosurgery, orthopedic surgery, vascular surgery, head and neck surgery, and neuroradiology. IOM is the use of electrophysiological methods to monitor the functional integrity of certain neural structures, such as parts of the brain, spinal cord and peripheral nerves, during surgery. The purpose of IOM is to reduce the risk of damage to the nervous system during surgery.

DHS is proposing to increase the dollar amount in the MSAA to allow the University to hire an additional neurologist to accommodate the increasing case load. Currently, there is one lead technician, one physician, and some overage funds available in the MSAA. DHS is requesting to include one full time equivalent (FTE) physician in the MSAA at an annualized cost of \$242,550.

Physician supervision of IOM may be direct or general. In the case of direct supervision, a physician with fellowship training in neurophysiology provides continuous online monitoring during a surgical procedure. In the case of general supervision, the operating surgeon remains responsible for IOM with the assistance of the IOM technician and final over-read by the neurologist.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The recommended actions support Goal 1, Service Excellence, and Goal 4, Health and Mental Health of the County's Strategic Plan.

FISCAL IMPACT/FINANCING

LAC+USC MC

The maximum annual County obligation for LAC+USC MC under the amended Agreement in Fiscal Year (FY) 2011-12 will be \$126,583,896. Funding for this Agreement is included in the DHS FY 2011-12 Adopted Budget. This action does not increase net County costs.

OV-UCLA MC and H-UCLA MC

The maximum annual County obligation for H-UCLA MC and OV-UCLA MC under the amended Agreement in FY 2011-12 will be \$26,728,000. Funding for this Agreement is included in the DHS FY 2011-12 Adopted Budget. This action does not increase net County costs.

The Department recently exercised its delegated authority approved by your Board on December 18, 2007 to approve annual salary adjustments that the University of California set for their current housestaff at OV-UCLA MC for FY 10-11 and FY 11-12. Following from the fact that housestaff at Olive View Medical Center are employees of UCLA, the recommended Amendment sets the salaries of new physician trainees at OV-UCLA MC at the negotiated rate established by the University of California. Adjustments are made to these salary levels annually, in response to market analysis of salaries paid by the graduate medical education programs with whom UCLA competes for residents, and nationwide resident salary rates. Regional or national price indices, such as the consumer price index, are not taken into effect in setting these UC-wide salary rates.

FACTS AND PROVISIONAL/LEGAL REQUIREMENTS

LAC+USC MC

DHS entered into the current MSAA with USC effective August 1, 2006 through June 30, 2007, with a one-year automatic extension at the end of each contract year. The term of the current Agreement is for a rolling five-year term unless either party serves notice of non-renewal to the other party, in which case the Agreement would expire in four years.

In November 2008, DHS processed Amendment No. 1 to the USC MSAA to increase the volume of physician services to accommodate the Replacement Facility for the LAC+USC MC and to provide additional compensation to retain current physician staffing. Also in November 2008, DHS processed an Administrative Amendment No. 2 to the MSAA Agreement to memorialize LAC+USC MC's and USC's responsibilities relative to undergraduate and medical school education for USC's accrediting agency.

In April 2011, your Board approved Amendment No. 3 to the MSAA Agreement to add additional services for radiology and emergency room services. This Amendment addressed the expiration of the radiology services contract with the USC physician group, which has now been rolled into the MSAA, and the citations that LAC+USC MC received for failure to provide timely medical screening evaluations and other emergency room care.

The recommended Amendment includes the changes in FTEs for County and University training programs, the specific volume, and cost of academic purchased services. A summary of the changes is shown on Attachment I.

County Counsel has advised the portion of USC's Agreement related to academic services is not subject to the provisions of County Code Chapter 2.121, Contracting with Private Business (Proposition A). However, it has been determined that the provision of the patient care services under the Agreement, including those physician services to be purchased under this Amendment, is subject to Proposition A guidelines which include the Living Wage Program (LWP) set forth in County Code Chapter 2.201. USC continues to be exempt from the LWP due to their non-profit status, although their employees are paid under the Agreement at no less than the minimum wages set forth in the County Code. The Department has determined that the physician services under this Amendment can be performed more feasibly by contracting with USC.

OV-UCLA MC and H-UCLA MC

DHS entered into the current Agreement with UCLA effective July 1, 2006 through June 30, 2007, and renews automatically unless terminated by either party.

During FY 10-11, the Agreement's Exhibits and Addenda were corrected by way of administrative amendment to clarify contract year dates, and include pro-rated payment amounts to facilitate UCLA's ability to properly invoice the County and fund the Agreement.

The recommended Amendment includes the changes in FTEs for County and University training programs, the specific volume, and cost of academic purchased services. A summary of the changes is shown on Attachment II. The 1.0 FTE increase for Surgery at H-UCLA MC accounts for one additional resident that UCLA will be responsible for training; and will not impact H-UCLA MC's costs under the Agreement.

County Counsel has advised the portion of UCLA's Agreement related to academic services is not subject to the provisions of County Code Chapter 2.121, Contracting with Private Business (Proposition A). However, it has been determined that the provision of the clinical services by the residents at OV-UCLA MC under the Agreement, including those services to be purchased under this Amendment, is subject to Proposition A guidelines which include the Living Wage Program (LWP) set forth in County Code Chapter 2.201. UCLA continues to be exempt from the LWP due to their non-profit status, although their employees are paid under the Agreement at no less than the minimum wages set forth in the County Code. The Department has determined that the physician services under this Amendment can be performed more feasibly by contracting with UCLA.

The Honorable Board of Supervisors
June 28, 2011
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CONTRACTING PROCESS


Amendments are not advertised on the County's website.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The Agreement will continue the provision of clinical and academic services at the LAC+USC MC, OV-UCLA MC and H-UCLA MC.

Respectfully submitted,



 Mitchell H. Katz, M.D.
Director

MHK:plm

Enclosures (4)

c: Chief Executive Office
County Counsel
Executive Office, Board of Supervisors

Attachment I

MSAA-USC CHANGES

Changes to the training program are as follows:

Description	FY 2011-12 FTEs
<u>LAC+USC MC</u>	
<u>ACGME COMMON PROGRAM REQUIREMENTS:</u>	
Internal Medicine	8.00
Neurology	1.00
Obstetrics-Gynecology	2.00
Otolaryngology	1.00
Pediatrics	5.00
Psychiatry	3.50
Radiology	1.00
Surgery	3.00
<u>INTRA-OPERATIVE MONITORING:</u>	
Neurology	1.00
TOTAL - USC	25.50

Purchased Services Changes:

Description	FY 2011-12
<u>LAC+USC MC</u>	
Physician Medical Education (25.5 FTEs)	\$ 6,658,369
Total - USC	\$ 6,658,369

Agreement Cost Summary:

Description	Current Agreement	Changes	Proposed Agreement
Total - USC	\$ 119,925,527	\$ 6,658,369	\$ 126,583,896

MSAA-UCLA CHANGES

Changes to the training program are as follows:

Description	FY 2011-12 FTEs
H-UCLA MC	
Surgery	1.00
Subtotal H-UCLA MC	1.00
OV-UCLA MC	
Emergency Medicine OV/UC	6.00
Family Medicine	(1.00)
Family Medicine - Mid-Valley	(0.50)
Internal Medicine - Pulmonary	1.00
Obstetrics-Gynecology	1.00
Ophthalmology	1.00
Pathology	(1.00)
Psychiatry	1.50
Surgery - General	(1.00)
Surgery - Plastic	0.50
Surgery - Ortho	4.50
Urology	1.00
Emergency Medicine/Internal Medicine	(2.00)
Internal Medicine - General	6.00
Internal Medicine - Hematology/Oncology	1.00
Internal Medicine - Nephrology	1.00
Subtotal OV-UCLA MC *	19.00
Total - UCLA	20.00

Purchased Services Changes:

Description	FY 2011-12
OV-UCLA MC	
Housestaff ** (FY 10-11 and FY 11-12 Salary Rate Change + 19.0 FTEs)	\$ 2,066,000
Academic Infrastructure	40,000
Total - UCLA (OV-UCLA MC)	\$ 2,106,000

Agreement Cost Summarized by Facility:

Description	Current Agreement	Changes	Proposed Agreement
H-UCLA MC	\$ 9,104,000	\$ -	\$ 9,104,000
OV-UCLA MC	15,518,000	2,106,000	17,624,000
Total - UCLA	\$ 24,622,000	\$ 2,106,000	\$ 26,728,000

* Changes to FTEs are due to the ACGME requirements and program directors redistributed a minor number of FTEs between different training programs at OV-UCLA MC. The changes were made to meet critical patient care needs unique to the hospital's system.

** Includes funding for salary rate increase of 4.6% for FY 10-11, salary rate increase of 3.1% for FY 11-12, and additional housestaff to meet ACGME Common Program Requirements.

AFFILIATION AGREEMENT

Amendment No. 4

THIS AMENDMENT is made and entered into this 28th day
of June, 2011,

by and between

COUNTY OF LOS ANGELES
(hereafter "County")

and

THE UNIVERSITY OF SOUTHERN
CALIFORNIA (hereafter
"University").

WHEREAS, reference is made to that certain document entitled "AFFILIATION AGREEMENT", dated August 29, 2006, as amended by Amendment to the Affiliation Agreement dated November 14, 2008, Amendment No. 1 dated November 25, 2008, Amendment to Affiliation Agreement dated November 14, 2008, and Amendment No. 3 dated April 19, 2011, and further identified as County Agreement No. 75853 (collectively, hereafter "Agreement");

WHEREAS, it is the desire of the parties hereto to amend the Agreement and add Addendum A-3 as described hereafter;

WHEREAS, said Agreement provides that changes may be made in the form of a written amendment, which is formally approved and executed by both parties; and

NOW, THEREFORE, the parties hereby agree as follows:

1. This Amendment shall become effective July 1, 2011.
2. Any reference in the Agreement to Addendum A, A-1 or A-2 shall also refer to Addendum A-3, as appropriate.
3. Addendum A-3 shall be added to the Agreement, attached hereto and incorporated by reference.
4. Except for the changes set forth herein, the remaining terms and conditions of the Agreement shall remain in full effect.

5. IN WITNESS WHEREOF, the Board of Supervisors of the County of Los Angeles has caused this Amendment to be subscribed by its Chair and seal of said Board to be hereto affixed, and attested by the Executive Officer thereof, and Contractor has caused this Amendment to be subscribed in its behalf by its duly authorized officers, the day, month and year first above written.

COUNTY OF LOS ANGELES

By

Mike Antonovich

Mayor, Board of Supervisors

SACHI A. HAMAI,
Executive Officer Board
of Supervisors of the
County of Los Angeles

UNIVERSITY OF SOUTHERN CALIFORNIA

Contractor

By

Robert Abeles

Signature

Title

Robert Abeles
Senior Vice President,
Finance and CFO

By Benjamin Zavala
Deputy

APPROVED AS TO FORM
Andrea Ordin
County Counsel

By

Andrea Ordin
Deputy



I hereby certify that pursuant to
Section 25103 of the Government Code,
delivery of this document has been made.

SACHI A. HAMAI
Executive Officer
Clerk of the Board of Supervisors

By

Benjamin Zavala
Deputy

ADOPTED
BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

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JUN 28 2011

Sachi A. Hamai
SACHI A. HAMAI
EXECUTIVE OFFICER

USC ADDENDUM A-3
Purchased Services

Contract Year Ending June 30, 2012

- A.1 General.** Payment for Purchased Services will be made by County to University in the amounts set forth in Section A.3 below. Payment for Purchased Services shall be made in quarterly installments, each payable on the first business day of each Contract Year quarter. In addition, if County requests increases in the volume of any Purchased Services identified in this Addendum A, County will pay for such services in advance on a quarterly basis. University is not obligated to provide such supplemental services until University receives payment from County for those services. Except with regard to additional Purchased Services provided by University pursuant to Section A.2.4.3 *Attrition of County-Employed Physicians*, any new services which the Parties agree to commence during the Contract Year, of a nature not set forth in this Addendum A, will be provided pursuant to an amendment or separate agreement between the Parties, subject to the approval of the Governing Board; such new services will be taken into account in revising Addendum A for the next Contract Year. Any such revisions to this Addendum A shall not take effect without a properly executed amendment.
- A.2 Purchased Services.** University shall provide the following Purchased Services during the Contract Year beginning July 1, 2011 and ending June 30, 2012. The type and volume of Purchased Services provided during the Contract Year shall continue at the same overall level, on an annualized University Personnel FTE basis, as provided by University Personnel during the prior Contract Year.
- A.2.1 Clinical Services. Except for those services which may be provided by persons other than University Personnel, University shall provide those clinical services sufficient to address the goals and responsibilities set forth in §5.4.
- A.2.2 Non-Clinical Academic and Administrative Services. Except as provided by persons other than University Personnel, University shall provide academic and management services sufficient to address the goals and responsibilities set forth in §§ 5.3 and 5.5, respectively.
- A.2.3 Research. The Parties understand and agree that no funds paid under this Agreement shall be used to pay for non-clinical research. If it is determined that any funds are used to pay for non-clinical research, University shall reimburse County such amount.
- A.2.4 Volume of Purchased Services. Until measures are developed to more accurately define the volume of Purchased Services, the Parties agree that the volume of all services will be measured on the basis of full time equivalents (FTEs) for physicians and other University Personnel.
- A.2.4.1 Intentionally omitted.

FTE COUNT			
	Physician and Dentist FTEs**	Non- Physician FTEs	Total FTEs
Base Contract as of Contract Year 2011	569.25	79.75	649.00
New Contract Year 2012	25.50	0.00	25.50
Total	594.75	79.75	674.50

** The number of FTEs includes a fraction of the effort of 73 direct County-paid physicians who receive a stipend from University (to be verified by the Hospital).

A.2.4.2 *Allocation of FTEs.* The allocation of University Personnel FTEs among Departments may be changed upon written agreement of the Chief Medical Officer, CEO and University Representative that such reallocation optimizes the use of personnel in the performance of this Agreement.

A.2.4.3 *Attrition of County-Employed Physicians.* Upon attrition of a County-employed physician in Primary County Facilities, Director may (1) hire a replacement or (2) direct University, for the remainder of the Contract Year to provide the services previously provided by such County physician through University-employed physicians, which shall constitute additional Purchased Services under this Agreement for which University shall be compensated during the Contract Year in addition to the contract maximum amount set forth in this Addendum A.

A.2.4.4 Intentionally omitted.

A.3 **Payment for Purchased Services.** County shall compensate University as set forth below.

**Contract
Year
2012
(annualized)**

Contract Maximum Amount (from MSOA Addendum A-2)

119,925,527*

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Additional Funding Needed for Current Services:

ADDITIONAL FTEs

1.	Internal Medicine (8 FTE)	1,940,400
2.	Neurology (1 FTE)	242,550
3.	Obstetrics/Gynecology (2 FTE)	485,100
4.	Otolaryngology (1 FTE)	282,178
5.	Pediatrics (5 FTE)	1,212,750
6.	Psychiatry (3.5 FTE)	924,000
7.	Radiology (1 FTE)	409,860
8.	Surgery (3 FTE)	918,981

INTRA-OPERATIVE MONITORING

9.	Neurology (1 FTE)	242,550
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Subtotal (25.50 FTE)	<u>6,658,369</u>
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Contract Maximum Amount	<u>126,583,896*</u>
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* Contract Amount does not include revision necessary to reflect implementation of the County's Physician Pay Plan in accordance with Section A.10 below.

A.4 Volume of Purchased Services.

A.4.1. Academic Purchased Services. During the term of this Agreement, Academic Purchased Services will be performed by Faculty in accordance with the requirements of this Agreement. The parties agree during the Contract Year to work together to develop a new methodology for determining payments for the provision of Academic Purchased Services under this Agreement.

A.4.2. Academic and Clinical Administrative Purchased Services. During the term of this Agreement, University shall provide Academic and Clinical Administrative Purchased Services as needed to support the Training Programs in accordance with the requirements of this Agreement. The Parties agree during the Contract Year to work together to develop a new methodology for determining payments for the provision of University Academic and Clinical Administrative Purchased Services under this Agreement.

A.4.3. Mission Support. County is committed to promoting medical education in its community, as reflected through County's affiliation with University and County's participation in graduate medical education training programs accredited by the Accreditation Council for Graduate Medical Education. The Parties agree during Contract Year 2009 to work together to develop a methodology for providing mission support to University.

A.5 Community-Based Health Services Planning. University agrees to participate in the County's community based planning efforts. These planning efforts include but are not limited to: resizing the breadth and depth of primary and specialty care programs to meet local community needs, disease burden and public health initiatives; resizing the breadth and depth of tertiary and quaternary services to fit effectively within system-wide DHS clinical programs; expansion of outpatient diagnostic and therapeutic programs at Hospital and other community-based sites; sizing ACGME, ADA and other allied health programs in concert with service delivery planning; and developing, implementing and reporting evaluation metrics for the quality and efficiency of the service delivery program.

A.6 Replacement Hospital Transition Planning. County agrees to participate with the University to maximize collaborative planning for the transition to the Hospital replacement facility during the term of this Addendum. Through such planning, County agrees to provide adequate office space, on-call rooms, and other support space for University administration, clinical service, and teaching in the Hospital replacement facility.

County also agrees to make best efforts to ensure the continuing viability of University Training Programs in the Hospital replacement facility. Pursuant to section 2.6.1 of this Agreement, University will notify County of any matters within the control of County in transitioning to the Hospital replacement facility that to the University's knowledge may compromise accreditation of any University Training Program. In the event County receives such notice, County will cooperate with University to make all reasonable efforts to retain accreditation. The parties understand and acknowledge that County has a continuing obligation to provide adequate non-physician staffing support pursuant to section. 3.3.4 of the Agreement.

A.7 Faculty Teaching Incentive Fund. Facility JPO Committee will establish annual awards for excellence in teaching to be awarded to Faculty. Faculty awardees and the amount of the awards will be determined by the Facility JPO based on written criteria to be jointly developed by University and County. In developing written criteria, University and County shall include resident and medical student participation as necessary criteria. Parties agree to equally finance this Incentive Fund, with each party contributing \$25,000 annually.

A. 8 Primary County Facilities. Those facilities listed in Exhibit 2 shall constitute the Primary County Facilities where Purchased Services may be performed.

A.9 Information Physician Workload and Productivity. The Parties shall work collaboratively to achieve both the clinical and operational goals as identified in the Hospital's mission and strategic plan. These include both short and long range goals, which will be refined and updated on an annual basis as part any revisions to this Addendum. To address a long range goal of improving information on attending staff workload and productivity, the parties agree to implement an initial two part solution:

A.9.1 AmION Physician Scheduling. The Hospital shall provide the AmION electronic attending staff scheduling program for use by University. Within six months of providing the University access to AmION, or within six months of the execution of this Addendum, whichever is later, and in accordance with a timetable established by University and accepted by County, the University shall install and operate the AmION electronic attending staff scheduling program in a manner that identifies physicians in all clinical departments providing

Purchased Services at Hospital each day (the "Hospital Schedules"). Hospital will have online access to the Hospital Schedules through Am IOn.

A.9.1.1 The University shall be responsible for the input, security and access of all data into AmIOn. To ensure accuracy, the University shall update physician scheduling data into AmIOn on not less than a daily basis and will periodically validate Hospital Schedules.

A.9.1.2 Upon request of the County, the University shall verify the accuracy of physician schedules in AmIOn as compared to actual physicians who have worked and the amount of hours worked by such physicians. The above verification may include one, several or all departments/services in the Hospital.

A.9.2 The parties acknowledge that the Hospital and University have completed three Memoranda of Understanding to measure performance and productivity of Purchased Services for the Harris-Rodde Specialty Clinics Coverage, Echocardiography and Radiation Oncology, anticipated to be executed by the parties within one month of execution of this Addendum. Hospital and University mutually agree to work together to develop additional Memoranda to measure performance and productivity for other major clinical Purchased Services as agreed by the Parties. The Parties shall use good faith efforts to complete and execute such Memoranda within twelve months of execution of this Addendum.

The Parties shall develop a mutually agreed upon system to track compliance with the performance and productivity goals identified in each Memorandum of Understanding (the "Tracking System"). When Hospital has reasonably determined that the performance and productivity goals under one (or more) Memorandum have not been met by University based on the data from the Tracking System, the Hospital shall notify the University in writing within twenty (20) days of such determination (the "Notice"). The Notice shall be delivered to the Office of the Dean of the Keck School of Medicine, with a copy to the Office of the General Counsel. The Notice shall identify the specific performance and productivity goal by type and amount of unmet services, as compared to the performance and productivity goal(s) under the applicable Memorandum as well as Hospital's efforts to correct any Hospital issues related to the performance and productivity goal(s) at issue.

Within thirty (30) business days of receiving the Notice from the Hospital, the University shall submit a corrective action plan to the Hospital which sets forth the specific action(s) to be taken to meet the performance and productivity goal(s) and time period for completion of the corrective action plan. The Parties will work together to modify the corrective action plan to address each Party's concerns.

Disputes about each Party's compliance with the corrective action plan will be reviewed by an independent arbitrator selected by the Parties. The arbitrator's fees will be equally borne by the Parties. If the arbitrator determines that, solely due to the acts or omissions of University, University has not implemented in good faith the material elements of the corrective action plan within the time period specified in the corrective action plan agreed to by the Parties, the Hospital may deduct from payment to be made to the University the Hospital's actual and reasonable additional cost to provide the unmet services that directly result from such failure to meet the performance and productivity goals (except

with respect to any goal established for new patients or new visits) through an alternative arrangement.

To the extent that the Parties desire University to provide services in excess of those established by the performance and productivity goals, they may increase those goals and provide for additional payment related to such services to University through an administrative amendment signed by both Parties, provided that such additional payment does not exceed the Contract Maximum Amount provided in Section A.3 of Addendum A. To the extent that payment for such additional services would cause total payments due under this Addendum to exceed the Contract Maximum Amount, the Parties acknowledge that compensation may only be made for such additional services after the Governing Board approves a formal amendment to this Addendum A authorizing such supplemental services.

A.9.3. Medical Record Documentation Performance Goals. The parties acknowledge the importance of accurate and timely documentation of patient medical information to facilitate patient treatment, care and services, particularly in the postgraduate physician teaching environment of the Hospital. Such proper documentation is reflected in policies and standards applicable to the University, including, without limitation, the standards set forth by the Joint Commission (formerly defined as "JCAHO"), and policies issued by the County Department of Health Services. In addition to other compliance obligations, the parties seek to emphasize compliance with the following:

A.9.3.1 *Joint Commission.* The Parties agree to work together to maintain a medical record delinquency rate at or better than the full compliance threshold set forth by Joint Commission (IM 6.10; EP 11 "The medical record delinquency rate averaged from the last four quarterly measurements is not greater than 50% of the average monthly discharge (AMD) rate and no quarterly measurement is greater than the AMD rate."). To that end, the University agrees to work with County toward compliance by ensuring that physicians meet this compliance threshold with respect to the physician components of the medical record. For purposes of this section, a delinquent medical record is defined as a medical record available to the Physician for review and is further defined by Hospital Medical Staff Rules and Regulations.

A.9.3.2 *DHS Policy.* The University agrees to work toward a 90% threshold compliance rate for the following components of DHS Policy 310.2, Supervision of Residents, or as subsequently amended by DHS, by ensuring that physicians meet this compliance threshold regarding the physician components of the medical records and activities which are set forth below. References to the specific provision of DHS Policy 310.2 are in parentheses.

- (4.1) An attending physician shall see and evaluate each patient prior to any operative procedure or delivery and shall document this evaluation in the medical record.
- (4.2) An attending physician is responsible to assure the execution of an appropriate informed consent for procedures and deliveries with consent form and progress note documenting the consent discussion in the medical record.
- (4.4.1) If the attending is present for the operative or invasive procedure or delivery, he/she must document in the

medical record that he/she has evaluated the patient and authorizes the procedure.

- (4.4.2) If the attending physician is not present for the operative or invasive procedure or delivery, the supervisory resident shall document in the medical record that he/she has discussed the case with the attending and the attending authorizes the resident to proceed.
- (4.5) An attending physician must assure an operative or procedure note is written or dictated within 24 hours of the procedure and shall sign the record of operation ("green sheet") in all situations for which direct attending physician supervision is required.
- (5.1) An attending physician is responsible for supervision of the resident and appropriate evaluation of the patient for each emergency department visit.
- (5.2) An attending physician or supervisory resident shall review and sign the patient's record prior to disposition.
- (7.1) An attending physician shall see and evaluate each inpatient within 24 hours of admission and shall co-sign the resident's admission note or record his/her own admission note within 24 hours.
- (7.2) An attending physician shall see and evaluate the patient at least every 48 hours and shall ensure that the resident includes in the progress note that he/she has discussed the case with the attending or the attending physician shall record his/her own note at least every 48 hours.
- (7.3) An attending physician shall discuss the discharge planning with the resident. The resident shall document in the medical record the discussion of the discharge plan and the attending physician concurrence with the discharge plan prior to the patient's discharge, or the attending shall record his/her own note.
- (8.1) An attending physician or supervisory resident shall discuss every new patient with the resident physician within 4 hours of admission of each such patient to the Intensive Care Unit. The resident shall document this discussion with the attending physician.
- (8.2) An attending physician shall see and evaluate the patient within 24 hours after admission to the Intensive Care Unit, discuss this evaluation with the resident and document this evaluation and discussion in the medical record.
- (8.3) An attending physician shall see and evaluate all admitted patients at least daily following admission and discuss this evaluation with the resident. The attending physician shall ensure that the resident includes in the progress note that he/she has discussed the case with the attending, or the attending physician shall record his/her own note to that effect.

The parties acknowledge that resident compliance of DHS policy requires that each party satisfy their respective obligations, with the Hospital employing residents, and the University employing the Faculty responsible for the oversight/teaching of residents. To that end, the responsibilities of the University under this Agreement shall include proper teaching/instruction of the requirements of DHS policy as set forth in this section and appropriate incorporation of the requirements of this section with resident competency evaluation.

A.9.3.3 *Monitoring and Corrective Action Regarding Compliance with DHS Policy.* Monitoring and corrective action to determine and maintain compliance with Performance Goals set forth above shall be performed through the Hospital's existing quality assurance/quality improvement structure and committees, or as modified in accordance with Hospital bylaws, and rules and regulations.

In addition, within six months of the execution of this Addendum, the Hospital shall work with the University to establish a process for the University to monitor compliance with the Performance Goals set forth above.

A.9.4 Operative Procedures for Residents. The University shall ensure that each department develops within 60 days of execution of this Addendum, and updates as needed to reflect any changes, or on an annual basis, whichever is more, the following:

1. a list of residents designated as supervisory residents.
2. a list of operative procedures that may be conducted by a supervisory resident to be approved by the Medical Executive Committee and Network Executive Committee.

A.9.4.1 *Clinical Core Measures.* The Parties agree that quality patient care is critical to the missions of the University and the County. To that end, the University shall use best efforts to achieve 90% compliance with the following clinical core measures:

1. Heart Failure-3: ACEI or ARB for LVSD
2. Heart Failure-2: Evaluation of LVS function
3. Pneumonia 3b: Blood cultures performed in the Emergency Department prior to initial antibiotic received in the Hospital.
4. Pneumonia 6b: Initial antibiotic selection for community acquired pneumonia in immunocompetent patients – non ICU patients.
5. Pneumonia 6a: Initial antibiotic selection for community acquired pneumonia in immunocompetent patients – ICU patients
6. Acute MI - 1: Aspirin on arrival.
7. Acute MI - 2: Aspirin prescribed at discharge.
8. Acute MI - 3: ACEI or ARB for LVSD.
9. Acute MI - 5: Beta blocker prescribed at discharge.
10. Acute MI - 6: Beta blocker on arrival.
11. Acute MI - 8a: Median time to primary PCI received within 90 minutes of hospital arrival.
12. SCIP 1a: Prophylactic antibiotic received within one hour prior to surgical incision, overall rate.
13. SCIP 2a: Prophylactic antibiotic selection for surgical patients, overall rate.
14. SCIP 3a: Prophylactic antibiotics discontinued within 48 hours after surgery end time, overall rate.

A.9.4.2 *Monitoring and Corrective Action Regarding Compliance with Clinical Core Measures.* Monitoring and corrective action to determine and maintain compliance with Performance Goals set forth in Paragraph A.9.4.1 above shall be performed through the Hospital's existing quality assurance/quality improvement structure and committees, or as modified in accordance with Hospital bylaws, and rules and regulations.

A.10 COUNTY'S PHYSICIAN PAY PLAN. The parties acknowledge that the County has recently approved a new physician pay plan, and will be approving a new rate structure for physician employees represented by a collective bargaining group, for reimbursement of County-employed physicians and dentists. In order to implement the foregoing, the parties agree to the following terms subject to the approval by the County physicians' collective bargaining group.

1. Faculty who are County employees, who receive funds derived from this Agreement and who are tenured Faculty as of the date of execution of this Addendum shall maintain their dual employment status at the County and the University.
2. All other Faculty who are County employees and who receive funds derived from this Agreement shall have the following options:
 - a. Resign from County employment and receive all compensation from the University for all services to be provided at Primary County Facilities. The County shall pay to the University the annual base salary paid to the physician by County at the time such option is selected. University agrees to accept such employee and pay to him or her the base salary amount provided by the County. Nothing in this Agreement shall be construed to restrict any County employee from resigning from County service at any time upon his or her determination.
 - b. Cease receiving any compensation by the University of funds derived from this Agreement for all services to be provided at Primary County Facilities and receive compensation from the County under the County's new pay plan, except as set forth below. The University agrees to provide to County the total of compensation of funds derived from this Agreement and paid by University to such Faculty for the most recent Contract Year. Further, the County shall reduce this compensation amount on a pro rata basis from the payments made by the County to the University under this Agreement. The University acknowledges that County employees are prohibited under County policy from working for more than 24 hours per week outside of County employment.

Notwithstanding the foregoing, to the extent permitted by County outside employment, and other applicable, rules and policies, a County physician may provide services to the County through the University. In addition, a County physician may be eligible to receive funds distributed from the Management Performance Plan.

Replacement (due to attrition) of physicians who choose option b shall be in accordance with section A.2.4.3 above.

- c. If the physician does not choose option a. or b., the physician shall continue to receive compensation from the County, under the old pay plan, and compensation from the University.

The parties agree to work collaboratively to implement these provisions within a time frame agreed to by the Parties. The parties contemplate holding a joint meeting with each Faculty who is eligible to select between option a. or b. above to discuss the pay plan and other related matters such as reimbursement and benefits provided by the County and the University.

Nothing in this Agreement shall be construed to restrict the existing right of a County employee to resign from County employment at any time at his or her discretion.

Subject to section 2.1.2.2, the University is solely responsible for setting the compensation paid by the University to County employees in connection with services performed under this Agreement.

AFFILIATION AGREEMENT

Amendment No. 3

THIS AMENDMENT is made and entered into this 28th day
of June, 2011,

by and between

COUNTY OF LOS ANGELES
(hereafter "County")

and

THE REGENTS OF THE UNIVERSITY
OF CALIFORNIA, ON BEHALF OF ITS
LOS ANGELES CAMPUS AND SCHOOL
OF MEDICINE (hereafter "University").

WHEREAS, reference is made to that certain document entitled "AFFILIATION AGREEMENT", dated July 1, 2006, as amended by Amendment No. 1 to the Affiliation Agreement dated November 25, 2008, and Administrative Amendment No. 2 dated June 15, 2011, and further identified as County Agreement No. 76850 (H-702099) (collectively, hereafter "Agreement");

WHEREAS, it is the desire of the parties hereto to amend the Agreement and add Exhibit I-2, Exhibit 2-2, and Addendum A-2 as described hereafter;

WHEREAS, said Agreement provides that changes may be made in the form of a written amendment, which is formally approved and executed by both parties; and

NOW, THEREFORE, the parties hereby agree as follows:

1. This Amendment shall become effective July 1, 2011.
2. Any reference in the Agreement to Exhibit 1-I, Exhibit 1-I.a, Exhibit 1-II, Exhibit 1-II.a, Exhibit 2-I, Exhibit 2-I.a, Exhibit 2-II, Exhibit 2-II.a, Addendum A-I, Addendum A-1.a, Addendum A-II, Addendum A-II.a, Addendum A-III, Addendum A-III.a, Addendum A-IV, and Addendum A-IV.a shall also refer to Exhibit 1-I.a-2, Exhibit 1-II.a-2, Exhibit 2-I.a-2, Exhibit 2-II.a-2, Addendum A-1.a-2, Addendum A-II.a-2, Addendum A-III.a-2, and Addendum A-IV.a-2.

3. Exhibit 1-I.a-2, Exhibit 1-II.a-2, Exhibit 2-I.a-2, and Exhibit 2-II.a-2 shall be added to the Agreement, attached hereto and incorporated by reference.

4. Addendum A-1.a-2, Addendum A-II.a-2, Addendum A-III.a-2, and Addendum A-IV.a-2 shall be added to the Agreement, attached hereto and incorporated by reference.

5. Except for the changes set forth herein, the remaining terms and conditions of the Agreement shall remain in full effect.

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IN WITNESS WHEREOF, the Board of Supervisors of the County of Los Angeles has caused this Amendment to be subscribed by its Chair and seal of said Board to be hereto affixed, and attested by the Executive Officer thereof, and Contractor has caused this Amendment to be subscribed in its behalf by its duly authorized officers, the day, month and year first above written.

COUNTY OF LOS ANGELES

By Mike Antonovich
Mayor, Board of Supervisors

THE REGENTS OF THE UNIVERSITY OF
CALIFORNIA, ON BEHALF OF ITS LOS
ANGELES CAMPUS AND SCHOOL OF
MEDICINE

Contractor

By [Signature]
Signature

Title _____
(AFFIX CORPORATE SEAL HERE)

SACHI A. HAMAI,
Executive Officer Board
of Supervisors of the
County of Los Angeles

By Benjamin Javala
Deputy

APPROVED AS TO FORM
Andrea Ordin
County Counsel

By [Signature]
Deputy



I hereby certify that pursuant to
Section 25103 of the Government Code,
delivery of this document has been made.

SACHI A. HAMAI
Executive Officer
Clerk of the Board of Supervisors

By Benjamin Javala
Deputy

ADOPTED
BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

26

JUN 28 2011

Sachi A. Hamai
SACHI A. HAMAI
EXECUTIVE OFFICER

76850
Supplement No. 1

EXHIBIT 1-I.a - 2

County and University Training Programs - Coastal Cluster

- 1-I.1 ACGME-Accredited University Training Programs.** University Training Programs shall include the following ACGME-accredited training programs which are based at UCLA Medical Center, pursuant to this Agreement:

Contract Year (CY):	<u>CY11-12</u>
	<u>FTEs</u>
Internal Medicine – Gastroenterology	3.00
Internal Medicine – Rheumatology	1.00
Surgery – Neurosurgery	2.00
Surgery – Ophthalmology	6.00
Surgery – Otolaryngology (Head & Neck)	5.00
Surgery – Plastic	1.00
Surgery – Urology	2.00
Subtotal	<u>20.00</u>

- 1-I.2 ACGME-Accredited County Training Programs.** County Training Programs shall include the following ACGME-accredited training programs which are based at Los Angeles County - Harbor-UCLA Medical Center, pursuant to this Agreement.

Contract Year (CY):	<u>CY 11-12</u>
	<u>FTEs</u>
Anesthesiology	14.00
Emergency Medicine	45.00
Emergency Medicine – Ultrasound	1.00
Family Practice	36.00
Family Medicine - Faculty Development	2.00
Family Medicine - Sports Medicine	2.00
Internal Medicine	56.00
Internal Medicine - Cardiology	15.00
Internal Medicine - Cardiology Interventional	3.00
Internal Medicine – Dermatology	4.00
Internal Medicine - Electrophysiology	2.00
Internal Medicine – Endocrinology	10.00
Internal Medicine - Advanced Interventional and Endosonography	2.00
Internal Medicine - Hematology/Oncology	11.00
Internal Medicine - Infectious Disease	4.00
Internal Medicine – Nephrology	6.00
Internal Medicine – Pulmonary	6.00
Neurology	9.00

EXHIBIT 1-I.a - 2

	<u>CY 11-12</u>
	<u>FTEs</u>
Neurology – Child	3.00
Neurology - Neurophysiology/EEG	1.00
Obstetrics and Gynecology	20.00
Orthopedic Surgery	20.00
Pathology	16.00
Pediatrics	31.00
Pediatrics - Critical Care	6.00
Pediatrics – Endocrinology	3.00
Pediatrics – Gastroenterology	1.00
Pediatrics - Emergency Medicine	3.00
Pediatrics - Infectious Disease	6.00
Pediatrics - Medical Genetics	2.00
Pediatrics – Neonatal	6.00
Psychiatry	32.00
Psychiatry – Child	8.00
Radiology	20.00
Radiology - Body Imaging	2.00
Radiology - Breast Imaging	1.00
Radiology – Interventional	1.00
Radiology – Neuroradiology	1.00
Radiology – Nuclear	1.00
Surgery	46.00
Surgery - General Practice –Dental	4.00
Surgery - Oral and Maxillofacial Surgery	8.00
Surgery – Vascular	2.00
Transitional Year	24.00
Subtotal	<u>496.00</u>

1-I.3 Non-ACGME-Accredited County Training Programs. County Training Programs shall include the following non-ACGME-accredited training programs which are based at Los Angeles County - Harbor-UCLA Medical Center, pursuant to this Agreement:

Contract Year (CY):	<u>CY 11-12</u>
	<u>FTEs</u>
Internal Medicine - General	1.00
OB/Gyn - Maternal Fetal Medicine	4.00
OB/Gyn - Female Pelvic & Reconstructive Surgery	3.00
OB/Gyn- Women's Health	1.00
Orthopedic Surgery - Foot and Ankle	1.00
Subtotal	<u>10.00</u>
Grand Total	<u>526.00</u>

EXHIBIT 1-II.a - 2

County and University Training Programs - Valley Care Cluster

1-II.1 ACGME-Accredited University Training Programs. University Training Programs shall include the following ACGME-accredited training programs which are based at UCLA Medical Center, pursuant to this Agreement.

Contract Year (CY):	<u>CY11-12</u>
	<u>FTE</u>
Anesthesiology	2.00
Emergency Medicine OV/UC	30.00
Family Medicine	4.00
Family Medicine - Mid-Valley	2.25
Internal Medicine - Cardiology	5.00
Internal Medicine - Dermatology	1.00
Internal Medicine - Gastroenterology	1.00
Internal Medicine - Infectious Disease	2.00
Internal Medicine - Pulmonary	3.00
Neurology	3.00
Obstetrics-Gynecology	14.00
Obstetrics-Maternal, FetalOV/UC	1.00
Ophthalmology	5.00
Pediatrics	11.00
Psychiatry	13.50
Radiology	7.00
Surgery - General	7.00
Surgery - Head & Neck	3.00
Surgery - Plastic	2.50
Surgery - Ortho	4.50
Urology	3.00
Subtotal	<u>124.75</u>

EXHIBIT 1-II.a - 2

1-II.2 ACGME-Accredited County Training Programs. County Training Programs shall include the following ACGME-accredited training programs which are based at Los Angeles County – Olive View-UCLA Medical Center, pursuant to this Agreement:

Contract Year (CY):	<u>CY11-12</u>
	<u>FTEs</u>
Emergency Medicine/Internal Medicine	3.00
Internal Medicine - General	76.75
Internal Medicine - Hematology/Oncology	9.00
Internal Medicine - Nephrology	5.00
Internal Medicine - Rheumatology	2.00
Subtotal	<u>95.75</u>
Grand Total	<u>220.50</u>

EXHIBIT 2-I.a - 2

Coastal Cluster

The following shall constitute the Coastal Cluster:

Los Angeles County - Harbor-UCLA Medical Center

Harbor-UCLA Family Health Center

Long Beach Comprehensive Health Center

Bellflower Health Center

Wilmington Health Center

The Primary County Facilities shall include those facilities within the Coastal Cluster which are so identified in Addendum A-I.a.

EXHIBIT 2-II.a - 2

Valley Care Cluster

The following shall constitute the Valley Care Cluster:

Los Angeles County - Olive View-UCLA Medical Center

Mid-Valley Comprehensive Health Center

Glendale Health Center

San Fernando Health Center

The Primary County Facilities shall include those facilities within the Valley Care Cluster which are so identified in Addendum A-II.a.

ADDENDUM A-I.a - 2

Purchased Services - Coastal Cluster (including Harbor)

Contract Year 2011-12

A-I.1. General. Payment for Purchased Services will be calculated based on a combination of fixed and variable payments, as set forth in § A-I.4. **In no event shall the fixed or variable rates or the payment methodology under this Addendum A be revised more frequently than every twelve (12) months.**

A-I.2. Fixed and Variable Costs. The Parties agree that payment for Purchased Services should reflect:

The following variable costs: (a) program directors, (b) faculty members, (c) faculty trauma surgery, anesthesia and pediatrics augmentation, (d) faculty recruitment/retention augmentation (e) informatics and (f) radiologists. Pursuant to § 2.5.2.2., County shall also reimburse University for its cost for any University Housestaff assigned to Primary County Facilities.

The following UCLA and County fixed costs (including salary and benefits where applicable), which will not vary within a given range of programs and Housestaff: (a) overall academic infrastructure, including graduate medical education fees, (b) Verinform/AmlOn, (c) University Representative, (d) University Graduate Medical Education Dean, and (e) University's administrative personnel.

A-I.3. Volume of Purchased Services. For Contract Year 2011-12, University shall provide Purchased Services as needed within the ranges or maximum set forth in this Addendum. In the event that County's needs fall outside of such ranges or maximum, the Parties may negotiate a different volume of services for specific line items; but as provided in § A-I.1, the fixed and variable rates set forth in § A-I.4 shall not vary during the course of the Contract Year.

ADDENDUM A-I.a - 2

A-I.4 Fixed, Unit and Total Payments. During Contract Year 2011-12, County shall compensate University as follows (prices are rounded to the nearest \$500).

<u>Variable Costs</u>	<u>CY 11-12 Total Price</u>
Per Resident	
Program Directors	\$2,240,000
Faculty Members	\$800,000

<u>Variable Costs</u>	<u>CY 11-12 Total Price</u>
University Housestaff Salaries	\$895,500
Radiologists	\$678,000
Faculty Trauma Surgery, Anesthesia & Pediatrics Augmentation	\$1,784,000
Faculty Recruitment/Retention Augmentation	\$1,000,000
Informatics Program	\$359,000
Total Variable Costs	<u>\$7,756,500</u>

<u>Fixed Costs</u>	<u>CY 11-12 Total Price</u>
Academic Infrastructure	\$1,070,000
Verinform / AmlOn	\$100,000
University Representative	\$34,000
GME Dean	\$41,000
Administrative Personnel	\$102,500
Associate Dean Harbor-UCLA	
Total Fixed Costs	<u>\$1,347,500</u>

Total Coastal payment for Contract Year 2011-12	<u>\$9,104,000</u>
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ADDENDUM A-I.a - 2

A-I.5 Intentionally Omitted.

A-I.6 Faculty Recruitment & Retention Fund. Addendum A includes a faculty recruitment and retention fund in the amount of \$1,000,000 for Contract Year 2011-12 to assist in the recruiting of new faculty, sign-on bonuses, academic advancement bonuses, and search firms, advertising and travel. To ensure accountability, the Facility Joint Planning Operations Committee will make all determinations regarding the use of this fund.

A-I.7 Primary County Facilities. The following facilities shall constitute the Primary County Facilities within County's Coastal Cluster:

Los Angeles County - Harbor-UCLA Medical Center

Harbor-UCLA Family Health Center

Long Beach Comprehensive Health Center

Bellflower Health Center

Wilmington Health Center

A-I.8 County's Physician Pay Plan. The parties acknowledge that the County approved a new physician pay plan and rate structure for physician employees represented by a collective bargaining group, for reimbursement of County-employed physicians and dentists. In order to implement the foregoing, the parties agree to the following terms subject to the approval by the County's physicians' collective bargaining group.

1. The parties acknowledge the University has provided compensation to County employees with funds derived from this Agreement. Effective for the period beginning January 1, 2009, the University shall cease paying County physicians any funds derived from this Agreement, except that certain County physicians may be eligible to receive funds from the following allocations as set forth under section A-I.4:
 - a. Program Directors
 - b. Faculty Members
 - c. Radiologists
 - d. Faculty Trauma Surgery, Anesthesia & Pediatrics Augmentation
 - e. Informatics Program
2. Effective for the period beginning January 1, 2009, the County physicians providing services under this Agreement shall receive funding under the County's new physician pay plan.

ADDENDUM A-II.a - 2

Purchased Services - Valley Care Cluster (including Olive View)

Contract Year 2011-12

A-II.1 General. Payment for Purchased Services will be calculated based on a combination of fixed and variable payments, as set forth in § A-II.4. **In no event shall the fixed or variable rates or the payment methodology under this Addendum A be revised more frequently than every twelve (12) months.**

A-II.2 Fixed and Variable Costs. The Parties agree that payment for Purchased Services should reflect:

The following variable costs: (a) program directors, (b) faculty members, (c) hospitalists, and (d) faculty recruitment/retention augmentation. Pursuant to § 2.5.2.2, County shall also reimburse University for its cost for any University Housestaff assigned to Primary County Facilities.

The following UCLA and County fixed costs (including salary and benefits where applicable), which will not vary within a given range of programs and Housestaff: (a) overall academic infrastructure, including graduate medical education fees, (b) Verinform/AmlOn, (c) University Representative, (d) University Graduate Medical Education Dean, and (e) University's administrative personnel.

A-II.3. Volume of Purchased Services. For Contract Year 2011-12, University shall provide Purchased Services as needed within the ranges or maximum set forth in this Addendum. In the event that County's needs fall outside of such ranges or maximum, the Parties may negotiate a different volume of services for specific line items.

A-II.4 Fixed, Unit and Total Payments. During Contract Year 2011-12, County shall compensate University as follows (all prices are rounded to the nearest \$500):

<u>Variable Costs</u>	<u>CY 11-12 Total Price</u>
Program Directors	\$658,000
Faculty Members	\$589,500
University Housestaff Salaries	\$13,666,000
Hospitalists	\$285,000
Faculty Recruitment/Retention Augmentation	\$512,500
Total Variable Costs	<u>\$15,711,000</u>

ADDENDUM A-II.a - 2

<u>Fixed Costs</u>	<u>CY 11-12 Total Price</u>
Academic Infrastructure	\$1,703,500
Verinform / AmlOn	\$35,000
University Representative	\$31,000
GME Dean	\$41,000
Administrative Personnel	\$102,500
Total Fixed Costs	<u>\$1,913,000</u>
Total Valley Care Payment for Contract Year 2011-12	<u>\$17,624,000</u>

A-II.5 Intentionally Omitted.

A-II.6 Faculty Recruitment & Retention Augmentation. Addendum A includes a faculty recruitment and retention fund in the amount of \$512,500 for Contract Year 2011-12 to assist in the recruiting of new faculty, sign-on bonuses, academic advancement bonuses, and search firms, advertising and travel. To ensure accountability, the Facility Joint Planning Operations Committee will make all determinations regarding the use of this fund.

A-II.7 Primary County Facilities. The following facilities shall constitute the Primary County Facilities within County's Valley Care Cluster:

Los Angeles County -Olive View-UCLA Medical Center

Mid-Valley Comprehensive Health Center

Glendale Health Center

San Fernando Health Center

A-II.8 County's Physician Pay Plan. The parties acknowledge that the County approved a new physician pay plan and rate structure for physician employees represented by a collective bargaining group, for reimbursement of County-employed physicians and dentists. In order to implement the foregoing, the parties agree to the following terms subject to the approval by the County's physicians' collective bargaining group.

1. The parties acknowledge the University has provided compensation to County employees with funds derived from this Agreement. Effective for

ADDENDUM A-II.a - 2

the period beginning January 1, 2009, the University shall cease paying County physicians any funds derived from this Agreement, except that certain County physicians may be eligible to receive funds from the following allocations as set forth under section A-I.4:

- a. Program Directors
 - b. Faculty Members
 - c. Hospitalists
2. Effective for the period beginning January 1, 2009, the County physicians providing services under this Agreement shall receive funding under the County's new physician pay plan.

ADDENDUM A-III.a - 2

Intentionally Omitted.

ADDENDUM A-IV.a - 2

Total Payments

Contract Year 2011-12

	<u>CY11-12</u>
Coastal Purchased Services	\$9,104,000
Valley Care Purchased Services	\$17,624,000
 Total Payment	 <u>\$26,728,000</u>